

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1626-01  
Bill No.: HB 784  
Subject: Energy; Economic Development; Public Service Commission  
Type: Original  
Date: March 11, 2015

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Bill Summary: This proposal establishes the Competitive Energy for Missouri Jobs Act.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                 | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
|  |                |                |                |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development - Office of the Public Counsel (OPC)** assume this proposal will create significant additional responsibilities for OPC's staff requiring the addition of FTEs with specific professional expertise to address the complex legal, engineering and financial issues that will be raised by this proposal. The following are the types of FTE necessary: .5 Public Utility Engineer, .5 Public Utility Acct I-III, .5 Regulatory Economist I.

The legislation adds a new mechanism for Public Service Commission (PSC) regulated electric utilities to defer costs and thus implement larger rate increases. This legislation requires the PSC to establish a transparent request for proposals process that will apply to all electrical corporations acquiring or constructing a supply-side resource expected to generate five megawatts of energy or more with contracted terms eighteen months or longer.

This proposal also requires that an electrical corporation's costs incurred due to the request for proposals process and the acquisition or construction of a new supply-side resource shall be presumed reasonable and prudent unless imprudence in the request for proposals process, including failure to comply with sections 393.1300 to 393.1325, the request for proposals process established by the commission, or the failure to ensure a reasonably competitive request for proposals process is proven by stakeholders in the rate proceeding. As a result, detailed after-the-fact prudence reviews will be required.

This proposal will significantly increase the number of rate/regulatory issues needed to be addressed by OPC staff.

In response to a similar proposal from 2014 (HB 1917), the OPC assumed the proposal would not create a fiscal impact to their agency. Therefore, **Oversight** will assume the OPC will be able to implement this proposal with existing resources.

Officials from the **Department of Economic Development - Division of Business and Community Services**, the **Department of Economic Development - Public Service Commission**, and the **Department of Economic Development - Division of Energy** each assume the current proposal would not fiscally impact their respective agencies.

| <u>FISCAL IMPACT - State Government</u> | FY 2016<br>(10 Mo.) | FY 2017    | FY 2018    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2016<br>(10 Mo.) | FY 2017    | FY 2018    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

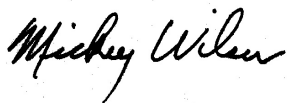
FISCAL DESCRIPTION

This proposal establishes the Competitive Energy for Missouri Jobs Act that changes the laws regarding electrical corporation resource plans.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Office of the Public Counsel  
Division of Business and Community Services  
Public Service Commission  
Division of Energy



Mickey Wilson, CPA  
Director

Ross Strobe  
Assistant Director

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